

# JORDAN TIMES

An independent Arab political daily published by the Jordan Press Foundation  
جورن تايمز يومية سياسية مستقلة عن المؤسسة الصحفية الأردنية «الراي»

## Alcoholism afflicts Betty Ford

BEACH, California, April 21 (R). — Former U.S. Lady Betty Ford revealed in a statement today she has found herself addicted to alcohol as well as drugs taken for arthritis. Officials of the Long Beach Hospital, where she has been undergoing treatment for ten days, said former President Gerald Ford has been attending seminars at the hospital on drug addiction to help with his wife's cure when she returns. Dr. Joe Pursch, head of the hospital's Alcohol and Rehabilitation Department, said he believed Mrs. Ford would stop drinking altogether when she left hospital several weeks from now.

## More French troops sent to Chad

PARIS, April 21 (R). — France has sent hundreds of elite troops to its former colony of Chad this week to ward off Libyan-backed rebels, informed sources said today. The sources said that 650 men of the Foreign Legion and para-troop forces had left France over the last three days to join the 500 French soldiers and airmen already in Chad. Twelve Transall transport planes today left the French air force base of Orange, near the Mediterranean Port of Marseilles, carrying armour and heavy equipment for the French forces in Chad, the sources said. French officials insisted, however, that no new troop movement was underway.

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## Two aboard died as S. Korean plane crash-landed in USSR

SEAW, April 21 (R). — A South Korean jet airliner, humming miles off course on a flight from Paris to Seoul, mysteriously crash-landed on a lake in north Russia and its passengers were killed, officials said today. Russian report on the incident said the plane, a Boeing 707, had 110 people on board, including 100 passengers and 10 crew members. The plane was flying at an altitude of 30,000 feet when it crashed into the sea of Okhotsk, about 100 miles from the coast of Japan. The cause of the crash is still under investigation. The South Korean Embassy in Moscow said it was deeply shocked by the tragedy and was sending a team of experts to investigate the crash. The embassy also said it was providing medical aid to the survivors and arranging for the repatriation of the bodies of the deceased.

## Ibrahim leaves for Arab solidarity meet in Khartoum

AMMAN, April 21 (JNA). — Minister of State for Foreign Affairs Hassan Ibrahim left here this afternoon for Kuwait. He told the Jordan News Agency that he will consult with the Kuwaiti Foreign Minister, Sheikh Sabah Al Ahmad Al Sabah, on promoting Arab solidarity prior to the meeting in Khartoum on Saturday of the Arab solidarity committee under the chairmanship of Sudan's President Jaafar Nimeiri. Mr. Ibrahim said he will also visit Saudi Arabia to discuss the same subject with his Saudi counterpart, Prince Saud Al Faisal before going on to Khartoum.

The Arab League Council had formed an Arab committee of solidarity, headed by President Nimeiri, and includes the foreign ministers of Jordan, Kuwait, Saudi Arabia and North Yemen. From Khartoum Mr. Ibrahim will proceed to Dakar, Senegal, to lead Jordan's delegation to the Islamic countries' foreign ministers conference scheduled for Monday. Answering a question before leaving Amman, about the contents of the Jordanian working paper which will be presented at the Dakar meeting, Mr. Ibrahim said the paper deals with the continuing Israeli aggression on occupied Arab territories and in particular the holy places in Jerusalem, Hebron and Bethlehem.

## Atherton in Cairo: U.S. will spare no effort for M.E. peace

CAIRO, April 21 (R). — U.S. special Middle East envoy Alfred Atherton arrived today for talks with President Anwar Sadat and other Egyptian leaders as part of new moves to restart peace negotiations. In a brief airport statement, he stressed America's commitment to "spare no effort to find ways of making progress towards, and ultimately achieving, a just and lasting and comprehensive peace settlement in the region."

But in answer to questions he said he was bringing with him no U.S. proposals for breaking the present deadlock. He also said he had no invitation from President Carter for Mr. Sadat to visit the U.S.

"Basically I am here simply as part of the continuing process of exchanging views, looking for new ideas, new ways to move the peace process forward," he declared.

The U.S. negotiator said his visit was part of the U.S. dialogue with Israel and Egypt to move forward negotiations begun with President Sadat's "historic initiative" — his trip to Israel last November.

Mr. Atherton meets Foreign Minister Mohammad Ibrahim Kamel tomorrow before flying to the Red Fort of Hurgada on Sunday for talks with President Sadat.

In Israel, Foreign Minister Moshe Dayan said yesterday it was possible Mr. Atherton would take back to Washington some new Egyptian ideas on a settlement. No official Egyptian comment has been forthcoming.

Dayan, Begin to U.S.

Analysts said Mr. Atherton's visit, shortly before both Mr. Dayan and Israeli Premier Menachem Begin go to the United States, would give concrete expression to Egypt's repeated requests that the U.S. be a full partner in the negotiations.

Last Tuesday, U.S. Secretary of State Cyrus Vance and Mr. Kamel held brief talks at Cairo Airport. Mr. Vance made no statement afterwards while Mr. Kamel merely said their discussion dealt with the Middle East situation.

The climate of peace negotiations has been soured by repeated indications by Mr. Begin that he did not think U.N.

Security Council Resolution 242 applied to the West Bank and Gaza — the resolution calls for Israeli withdrawal from Arab territories occupied after the 1967 Middle East war.

The Israeli view led to marked differences between President Carter and Mr. Begin during the Israeli premier's visit to Washington last month. He described the talks as the toughest ever with the U.S.

Begin still adamant

According to a group of Israelis who met him in Jerusalem today, Mr. Begin is still rigidly opposed to any withdrawal from the occupied West Bank.

The group recently wrote a letter to the prime minister critical of his West Bank policy and organised a "Peace Now" mass demonstration in Tel Aviv.

Mr. Omri Padan, spokesman for the original group of 300 reserve officers involved in the protest, told newsmen after a 90-minute meeting with the premier today:

"We were told that the prime minister is not prepared to make a withdrawal from the West Bank."

Eban calls for Egypt, U.S. to make concessions

Meanwhile, in an interview with the English-language Jerusalem Post, former Israeli Foreign Minister Abba Eban today called on Egypt and the United States to make concessions to achieve Middle East peace.

The deadlock could not be broken by changes in Israeli policy alone, he said.

"The other two parties — Egypt and America — have at least as much cause to join Israel in the journey from self-

satisfaction to self-criticism," Mr. Eban said.

He said President Sadat's "pioneering visit" last November had been a great imaginative feat. But Mr. Sadat was committing a great error by believing that three decades of hostility could be expiated by one encounter.

"If he is correct in his estimate that he has solved 70 per cent of the problems by his voyage to Jerusalem, the question remains: What about the other 30 per cent? A bridge that is 70 per cent built may be an impressive landmark, but it is not something on which anybody can travel," Mr. Eban said.

Vital matters of Israeli security were still to be worked out even if the rest of the world regarded these as mere matters of detail, he added.

## STRICTER SECURITY IN ISRAEL

TEL AVIV, April 21 (R). — Strict security measures have been imposed throughout Israel to counter "possible Palestinian guerrilla activity as the country celebrates the Passover, marking the Jewish exodus from Egypt. Roadblocks were manned by security forces around main cities and cars were being checked. Military observation posts have been set up along the coastline to foil any "attempts by guerrillas to land from the sea."

## Indications are Italy's government may now bargain for Moro's life

April 21 (R). — The Christian Democrats took the Red Brigades' offer to say exactly what they would do as the price for his life. The government might be modifying a "no bargaining" line on the part of Mr. Moro, 61, but a spokesman said a definitive answer would only be made

## Final Israeli pull-out from Lebanon will be discussed with U.N.

UNITED NATIONS, April 21 (R). — U.N. Secretary General Kurt Waldheim said the U.N. and Israel would hold talks next week on arrangements for a final Israeli withdrawal from southern Lebanon.

"I cannot really tell you when this third phase will be implemented," he added.

Waldheim was briefing reporters yesterday on his recent visit to Lebanon and Israel to discuss the implementation of last month's Security Council resolution calling for the withdrawal of Israeli troops and setting up a U.N. Interim Force in Lebanon (UNIFIL) to help restore peace to the area.

He said that, while in Israel, it was agreed that talks on the final Israeli pull-out would be held between Lieut.-Gen. Ezer Weizman, Chief of Staff, and Lieut.-Gen. Rafael Eitan, the Israeli Chief of Staff. Israeli troops staged small-

scale withdrawals on April 11 and 14, while another phase, to be completed on April 30, will leave them in control of about 35 per cent of the territory occupied in last month's sweep against Palestinian guerrilla bases.

The secretary general also said that, while in Lebanon, he discussed the dispatch of Lebanese troops into the southern part of the country, but there were technical and political difficulties.

It was agreed that, as a first step, gendarmes would be dispatched and 30 were already in the area.

He thought it would take the Lebanese government quite a time before it was in a position to control the region.

Meanwhile, a U.N. committee today voted \$54 million for the UNIFIL. It is to help finance operations for six months.

The resolution, adopted by 90 votes to 13 with three abstentions, also called on Israel to observe the resolution calling on it to withdraw at once from southern Lebanon.

## Lebanese cabinet's resignation may lead to catastrophe, says outgoing minister

BEIRUT, April 21 (R). — President Elias Sarkis met politicians today to discuss forming a new government to replace one which resigned on Wednesday.

As they met, the outgoing interior minister said in an interview that the resignation could lead to catastrophe.

The eight-man cabinet of Premier Selim Al Hoss resigned in the midst of a row over its use of Syrian troops of the Arab League peace force to quell fighting between rival gunmen in Beirut last week.

"I was reluctant to accept the resignation decision, because I was afraid it was a step in dark," Interior Minister Salah Salameh told today's edition of the English-language daily newspaper.

"I was afraid it would lead to the catastrophe we were trying to avoid. I hope we will never regret this decision but I have my doubts," he said.

He said the resignation had also been prompted by signs of a cautious rapprochement between leaders of the country's many political groups and religious sects.

He said, however, he was extremely worried about the future and called on leaders who wield para-military and political power to put aside their differences.

"I hope they do," he said. "Otherwise there's going to be a catastrophe."

Israel stops southerners

In a separate development, local sources in the southern

Lebanese city of Sidon said today that Israeli occupation forces in the Tyre area of south Lebanon today turned back refugees returning to their villages in the occupied area.

The refugees were told that Israeli checkpoints would remain closed until Monday because of the Jewish Passover holiday, the Sidon sources added.

They said Israeli forces arrested a Lebanese as he was trying to cross the Bazzouriyeh checkpoint on his way back to his village.

Eye-witnesses said Israeli tractors were seen today building new fortifications at the Khair Daba-Bazzouriyeh crossroads in the Tyre area.

Syria warns

Meanwhile, in Damascus the Syrian government newspaper Tishrin today said that Syria will not allow anybody to use Lebanon as a trap against Syria.

"Those who are dreaming of taking advantage of the Lebanese situation will soon find themselves on the losing side," it said.

In a commentary the paper said: "It is likely that some people may think they can use Lebanon as a trap to divert Syria's attention from the main Arab cause."

"Any interpretation of what is going on in Lebanon, not taking the Middle East issue into account, is a false interpretation incapable of understanding Syria's motives and objectives," it added.

## Jordanian-South Australian development projects envisaged

By Ian Kellas  
Special to the Jordan Times

AMMAN, April 21 — A special study team will report within a year on a "development package" for Jordan, which South Australian Premier Don Dunstan has been discussing during his four-day visit to the country.

Mr. Dunstan told the Jordan Times tonight that if the feasibility studies were favo-

urable, the South Australian government would probably set up a joint company with the Jordanian Pension Fund to provide the catalyst for the enterprises, which have been proposed.

A key element in the "package" is the application of Australian expertise in dry farming to the small holdings of Jordan's northern plateau. Associated with this is a plan to assemble agricultural equipment here. Among other things

the team will also be looking into the possibility of manufacturing low-cost housing panels and of making Jordan a centre for motor servicing in the region.

After visiting Sharif Nasser the Jamil's farm near Azraq today, Mr. Dunstan and his delegation is due to leave tomorrow for Libya.

A full account of the interview with Mr. Dunstan will appear in tomorrow's edition of the Jordan Times.

## Boxing champ Spinks held on drugs charge

LOUIS, Missouri, April 21 (R). — Leon Spinks, who won world heavyweight boxing crown from Muhammad Ali, detained on suspicion of possessing cocaine and marijuana today after being stopped for a driving offence, police

He was released later on \$3,700 bond. Charges will be formally later this week, police said. It was not immediately known if the arrest would have effect on Spinks' title defence against Ali in the New Orleans Superdome on Sept. 15.

Police said they stopped Spinks, 24, for driving without a licence near his mother's home and found he had no driver's licence.

The arresting officer quoted Spinks as saying: "Can't you see a break on this? You know I don't have a driver's licence."

## NOTICE FROM THE LEBANESE EMBASSY IN AMMAN

The Lebanese Embassy in Amman announces that all Arab and foreign nationals wishing to enter Lebanon, have to obtain consular visas from the embassy offices, Jabal Amman, Second Circle. Applications are accepted daily between 8:00 - 10:00 a.m. except Fridays and Sundays. A visa will be granted within 48 hours of an accepted application.

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الجزيرة المستقلة الأردنية السياسية اليومية المنشورة من المؤسسة الصحفية الأردنية

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## Lebanon's gloomy prospects

One has to be pessimistic about the chances of a successful transfer of power from Lebanon's technocratic cabinet to a new government formed of traditional political bloc leaders. The present government is stepping down, as one of its members said, to allow the traditional Lebanese leaders to "shoulder their responsibilities". But the past two years of chaos in Lebanon have proved -- if they've proved anything -- that Lebanon's political bosses are not very good at being responsible for the well-being of the entire Lebanese people and country. It is no use to anyone now to look back and wonder why the Lebanese war ever took place, or who was responsible for keeping it going when it appeared at many times to be dying out. But one lesson that should have been learned from the Lebanese tragedy is that the country's political leaders are incapable of assuring peace and quiet on a national level. To return these leaders to power, with the glaring void where there is supposed to be a national Lebanese army, is only asking for trouble in an area where trouble comes easily.

The difficulty, though, is to think of alternatives. The present cabinet of technocrats could stay on indefinitely, and the Arab peace-keeping forces could also stay in Lebanon for another year or two if need be. But as we have seen from the past year, this does not necessarily bring peace and political calm to Lebanon. The reconstitution of the Lebanese army is still a very long way away, and it is difficult, from the experiences of the past two weeks, to see a very harmonious working relationship between a cabinet of traditional political bosses and the Arab peace-keepers.

Thus one sees negative signs wherever one looks in Lebanon, and it is hard to see how any of this will be improved by putting back into official power positions the assorted factional leaders who have been so largely to blame for the country's problems in the first place.

## ARAB PRESS COMMENTARY

Once again the Jordanian dailies Friday discussed aspects of the duties which the new Jordanian National Consultative Council will perform within the framework of democratic cooperation with the government.

AL RAI cites pronouncements by three public functionaries on the subject. Prime Minister Mudar Badran emphasised government eagerness to cooperate with the council in the spirit of democracy and national responsibility. Chairman of the council Ahmad Al Lawzi stressed the need for sincerity and goodwill on the part of the council in carrying out its duties in the service of the people and society; while Chief of the Royal Court Abdul Hamid Sharaf pointed out that the aim of setting up the council was to establish firmly Jordan's steps on the right path and to allow room for the exercise of the duty of consultation.

AL DUSTOUR spelled out what it called two basic elements that should be born in mind, namely governmental readiness to cooperate with the council and the council's readiness to put forward its views objectively, courageously and in the spirit of responsibility.

The concept of cooperation which each should take into consideration is for the government to respect and abide by the majority opinion of the council and for the council to commit itself to devotion to the homeland and faithfulness to public order and the constitution, the newspaper says.

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# Globe-trotting Miss Panosian is the first woman in Jordan to run a business

This is the first in an intermittent series of photostories on professional women in Jordan.

Text and photos by Marianne Pearson  
Special to the Jordan Times

Miss Shahan Karnig Panosian is the first woman in Jordan to run a business.

Her career began precipitately twenty years ago when she was a school girl just about to graduate from CMS School and her father died suddenly at the age of 41. He left the downtown Karnig watch shop, but there was no one in the family to manage it. Miss Panosian was one of five children, the youngest a baby.

After graduation she studied office skills for two months and on the strength of her typing ability got a job at a bank. During the year and a half she worked there, she spent her afternoons at the shop. With some knowledge of business, she resigned and devoted full-time energies to the "shop which I love."

"I can't say it was all a spoonful of honey," she said. "I had difficulties because I had no idea about watches. I asked the watch repairman to teach me when there was free time. I did occasionally do some watch repair work in those days."

She also studied the watch market to see what people wanted to buy. Now a good deal of her time is taken up with buying trips, using the expertise she started developing then. She has just returned from a twice-annual trip to England for silverware and to Switzerland for watches.

Other trips are in the offing: Mexico, "one of my favourite places" to select merchandise for a brother's shop and Italy and Spain to get jewellery.

"I like travelling, it's good to have a change," she said, "but wherever I go, after two weeks I'm fed up and want to come back to my office."

Since most of the merchandise comes by sea, Miss Panosian's work takes her frequently to Aqaba. She maintains a penthouse apartment there as a second home in an apartment building she owns. "The view is beautiful, especially the sunset and at night, I always hate to leave Aqaba."

Except for the watchmaker and a part-time clerk, she runs

a family business. A sister, brother-in-law, and Yeghishe, who was a baby when their father died, all work in the store.

Yeghishe's interest in watches and jewellery matches her own. He chose a technical training course in business and watchmaking conducted by two Swiss watch factories, in spite of her urging him toward an academic degree. He plans to take a specialised course at Geomological Institute of America in California, which will enable him to evaluate precious stones.

Presently he is installing at Amman airport two outdoor clocks, three and a half meters high, and 17 inside clocks which will be controlled automatically by two master clocks.

A special responsibility of her shop is providing royal gift watches, special models which bear the royal crown and His Majesty's name on the dial. These are made in Switzerland, and she can secure them at short notice.

Miss Panosian's hobbies are gardening and sewing, "playing with my fancy Singer sewing machine." She acts as an official at Royal Automobile Club races. She used to enjoy racing in her Mini-Cooper and won cups, but she has sold it. She liked go-karting, too, but doesn't intend to try out the family's new one which can move at the rate of 250 Kph. "Women don't like to take risks," she said.

In addition to racing cups, she also has collections of tear bottles, some of them B.C. and Hellenistic pottery, all acquired in Jordan in the days before prices became exorbitant.

She still finds difficulties in running the business but calls them "challenges" and believes it makes work "very interesting."

She thinks that during the twenty years of her work experience, Jordanian men have gradually gotten used to the idea that women can work.

"At first it was a nuisance, customers pretending to be buying, but wanting only to talk to a woman. Now things are completely different. Perhaps they don't accept us as equals, but they know we can be clever, too."



Miss Shahan Karnig Panosian helps customers select a watchband.



Miss Panosian in front of her shop, the first business in Jordan to be run by a woman.



Miss Panosian conducts a business conversation over the telephone at her office downtown. She works without a secretary, handling her own correspondence and answering her own phone calls.



Miss Panosian in a Mexican dress. She enjoys leisure as well as business.



At home in Jabal Amman, Miss Panosian and her mother chat in her upstairs sitting room. Her mother spends eight months of the year with family in California and four months in Jordan.





# Arab trade mission seeks to double U.S. exports to Arab World

WASHINGTON, April 21 (R). — The largest Arab trade mission to visit the United States -- 100 businessmen from ten countries -- is now in Washington for talks with U.S. officials. The hope was to double U.S. exports years to help to pay for increased imports of Arab oil, said Ruddick Lawrence, President of the U.S. Arab Chamber of Commerce.

Trade between the United States and all Arab countries amounted to nearly \$25 billion last year, with the balance heavily in favour of the Arabs. Burhan Dajani, Secretary-General of the General Union of Arab Chambers of Commerce, said the Arabs proposed at a meeting yesterday with U.S. Commerce Secretary Juanita Kreps that a new organization should be set up to promote trade.

The proposed organization would include a number of U.S. multi-national corporations and some unspecified Arab business and financial interests, he told a press conference.

"It could work out definite projects and proposals and identify the right partners and

the right technologies for co-operation," he said. Sheikh Ismail Abu Daoud of Saudi Arabia, head of the delegation, said there was plenty of room for American businessmen and entrepreneurs to work side by side with Arabs. "We would like to see the Americans going into activity and competing as others are competing," he said.

"The dollar is now on your side because it is cheaper than the Deutschmark, the Japanese yen and the Swiss franc," he added. "But don't wait too long." The delegation was due to meet Treasury Secretary Michael Blumenthal today and go on next week to Houston, Los Angeles and Chicago. It has already visited New York.

## U.S. oil imports are down in first quarter

NEW YORK, April 21 (AP). — Without benefit of U.S. President Jimmy Carter's still-blocked energy plan, the United States is reducing its reliance on foreign oil and the growth of energy use, according to studies released this week.

Imports of crude oil and oil products, which jumped 18 per cent in 1977 and 20 per cent in 1976, are down 14 per cent for the first three months of 1978, according to the American Petroleum Institute, an oil-industry group.

Preliminary data indicates that the United States last year significantly reduced its growth of energy use, according to the Petroleum Industry Research Foundation, an independent study group.

"In previous years, every one per cent jump in the gross national product was matched by a one per cent jump in energy consumption," said Lawrence Goldstein, a foundation economist.

"Last year, each one per cent increase in the gross national product was matched by a 0.5 per cent increase in energy use," he said. "That is absolutely staggering."

The developments are likely to help strengthen the U.S. dollar overseas, might help reduce the balance of payments deficit and should blunt some political criticism of the United States.

The United States logged a \$26.7 billion trade deficit last year, contributing to the dollar's slump. For foreign oil alone last year, the U.S. spent \$44.3 billion.

Although the level of oil imports is expected to rise slightly during the second half of the year, most analysts expect total imports for 1978 to be below the 1977 level -- perhaps as much as five per cent. They expect imports to rise again in 1979 or 1980, but at a much slower rate than in recent years.

They cite several factors for this turnaround: -- Each barrel of oil produced in Alaska replaces a barrel that would have been imported. About 1.1 million barrels of Alaskan oil are being produced each day, with 1.5 million barrels a day expected by 1985. Alaskan oil production began last summer.

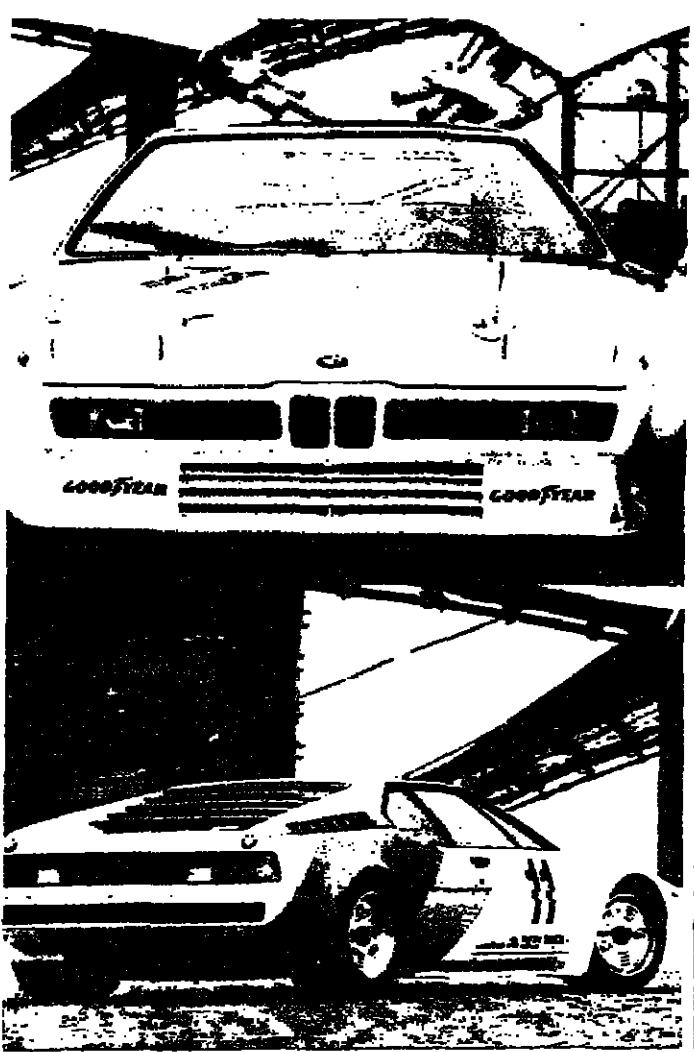
-- In 1977, to combat natural gas shortages and severe winter weather, huge quantities of crude oil and heating fuel were imported. "We had a couple of weeks when distillate (heating oil) imports went over a million barrels a day, which was outrageous," Mr. Goldstein said.

When that crisis ended, U.S. refiners -- who also were facing a glut of crude oil -- kept refineries going full blast. That resulted in large inventories going into last winter, which also reduced imports.

In addition, analysts said the reduced growth rate for energy consumption indicated that U.S. industry is working hard on conservation efforts.

"Even without the energy bill (blocked in Congress for almost a year), the private sector is responding very rationally," said Mr. Goldstein. "We're a little puzzled that the administration is not discussing these positive developments."

## BMW puts out a new racer



This is the new racing car from Munich in the Federal Republic of Germany. The first models may well be on the market in the course of this year. The super-flat chassis for the BMW M1 was designed by the Italian Giorgio Giugiaro and will be produced by Lamborghini. The 3.5 litre six cylinder motor has 24 ventiles and a total horse power of 470 (345 kw). Its maximum speed is 310 kms. per hour. With turbo engines the horse power can be increased to 815 (600 kw). This gives a maximum speed of 350 kms. per hour. BMW is planning to produce 300 two-seater coupes with 217 and 286 h.p. and it is possible that by 1980 another 400 of these sports cars will be built. BMW plans to enter its new M1 for big races such as Le Mans where it is hoped that it will leave the rest of the field way behind. We shall see. (DaD photo)

# Healey offers optimistic budget with no call for sacrifices by taxpayers

For the first time in many years, Britain has just received a budget in which the chancellor of the exchequer has not called upon the taxpayers to make sacrifices -- quite the reverse, in fact. Peter Riddell, the Financial Times Economic Correspondent, looks at the implications.

LONDON, (F.T.) — Mr. Denis Healey, the Chancellor of the Exchequer, promised that his budget would be the most agreeable so far with no calls for sacrifice as in the past. And so it was in the sense that income tax was cut by nearly £2½ bn. in a full financial year and there were almost none of the usual offsetting rises in indirect tax. The specific measures were aimed at satisfying, or least appeasing, a wide range of political and personal interests ahead of the likely October general election. The Liberals were offered profit-sharing schemes and the expected aid to small businesses, while TUC and Labour Party demands were reflected in a reduced rate of income tax for those at the bottom end of the tax-range and in the rise in child benefits.

### City concerns

Mr. Healey intended to meet city concern about the money supply by announcing both a lower target for the growth of money supply rate during the coming year and an immediate one point rise in the Bank of England's Minimum Lending Rate to 7½ per cent.

The markets did not respond favourably, though. Both eq-

uity and gilt-edged prices fell sharply in the days following Mr. Healey's speech on the view that he had taken slightly too many risks, especially on the monetary and borrowing side.

The city had been reassured that the target for the rate of growth of the money supply had been reduced from 9 to 13 per cent to a range of 8 to 12 per cent. But brokers were concerned that the projected total for public sector borrowing was higher than expected and they wondered whether it could be reconciled with the likely rise in private sector demand for bank finance.

There was fear that the only way in which the government could finance the projected level of borrowing within its money supply target would be by a further increase in interest rates. Gilt-edged prices fell as a result, increasing the yield available on gilt-edged stock to pension funds and insurance companies. In time this could lead to a demand for stock.

### Price inflation

The other city concern was that the rate of price inflation might start to rise again before long, now that the favourable effects of a strong

exchange rate and weak commodity prices are wearing off. The Treasury forecasts effectively assumed a fall in the rate of increase in average earnings from 14 to seven per cent in the pay round starting in the summer. On this basis the 12 month rate of increase in retail prices is projected to decline to around seven per cent by the summer and remain around this level, before rising to eight per cent by spring 1979. The city believes that the Treasury has been too optimistic and that the rate of increase of earnings is likely to be above ten per cent -- consequently the rate of price inflation is likely to be higher.

### Fear of sterling fall

The other main worry has been about the current account and the possibility of a further fall in sterling after its recent weakness. The Treasury itself has revised downwards its estimate of the current account surplus this year from £1.5 bn. to £750 m. with a surplus of only £500 m. at an annual rate in the first half of 1979.

Overall, the government is projecting a rate of economic growth of three per cent during the coming 12 months compared with the rise of 3½ per cent forecast in October. This would barely be sufficient to halt the rise in unemployment. The main hope of increasing the rate of growth rests to a large extent on the prospects for the world economy generally.

Recent signs have been that the growth of output and of world trade generally has been even slower than the modest rises projected at the beginning of the year. The U.K. has been pressing for concerted international action to boost demand but little progress has been made so far since West Germany has been reluctant to review its economic policies until the early summer.

The issue is also bound up with the weakness of the dollar. But hope now rests on some form of agreement being reached on inflationary moves at the summit of world leaders in Bonn in mid-July. This is, however, likely to make little difference to the U.K. growth rate until 1979 at the earliest.

Financial Times News-Features

## FOREIGN EXCHANGE RATES

Not received

## LONDON MARKET REPORT

Stock prices closed mixed in quiet trading. At 15:00 hrs. the F.T. index was down 0.6 at 464.2.

Government bonds softened by up to 1/4 during the morning and showed little change from these levels subsequently, dealers said. Turnover was very small ahead of one or two possible 'tap' issues, they added.

Equities were mixed to lower and dealers said interest was concentrated in the traded options market which opened today. Gold shares hardened with the bullion price while U.S. and Canadian shares closed mixed.

Royal Dutch fell by 3/8 stg. to 46-1/4 stg. while most other oil shares were unchanged. Leading bank shares closed steady to 3p higher.

Price of gold closed in London Friday at \$170.90/oz.

# AMMAN MARKETPLACE

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